

Office of Economic Development
Mesa Redevelopment Authority Executive Board
MEETING MINUTES

Date: December 20, 2011 2:00 P.M.

MEMBERS PRESENT

Brian Campbell, Chair
Tony Ham, Vice-Chair
William Jabjiniak
John Regni
Virgil Renzulli

STAFF PRESENT

Shelly Allen
Sue Cason
Donna Bronski

GUESTS

Roc Arnett
Michael Huang
Michael Hutchinson
Otto Shill
Peter Sterling

1. Call to Order

Chair Brian Campbell called the meeting of the Mesa Redevelopment Authority Executive Board (MRA) to order at 2:07 P.M.

2. Approval of Minutes from November 21, 2011 meeting

Chair Campbell called for a motion to approve the minutes from the meeting held on November 21, 2011.

Ms. Sue Cason read into the record that Mr. John Regni requested to revise the minutes to address him as General Regni instead of Mr. Regni and include that he and Mr. Peter Sterling were to give a report on the vision. The revisions to the minutes were completed and a copy was provided to the board members prior to the meeting.

MOTION: General Regni moved that the minutes from November 21, 2011 be approved as written.

SECOND: Mr. Tony Ham

DECISION: Passed unanimously

3. Items from Citizens present

No Comments were made.

4. Activity report for property management services and business attraction assistance for Arizona Laboratories of Security and Defense Research

Mr. Dane Mullenix of Alion Sciences and Technology (Alion) was scheduled to give an activity report for the property management services and business attraction assistance for the Arizona Laboratories of Security and Defense Research (AZLabs). Chair Campbell announced that due to a death in his family, Mr. Mullenix was unable to attend

the meeting. In his place Mr. Mullenix asked that Ms. Shelly Allen give a brief update on agenda item 4 the activity report for the AZLabs.

Ms. Allen stated that a great deal of work has been conducted to date. The business and marketing plan for the AZLabs has been submitted to the City in draft form so an internal review can be completed. Once the comments from the review have been returned, then the document can be given to the board for approval.

As for the business attraction for the AZLabs, Ms. Allen commented that Alion has been working with a tenant without disclosing the tenant's name. Alion has leased a small amount of space to two (2) tenants located in the same building that Alion and staff is located. They have interest from numerous other parties. Alion is continuing with discussions and outreach to attract other tenants to the site. Ms. Allen stated that it is public knowledge that L3 was looking at the site and has decided to stay where they are instead of moving.

Ms. Allen said that she has toured the AZLabs several times in the last few weeks and stated that Alion's staff has accomplished an amazing amount of work cleaning up the site. They have refinished furniture to prepare the buildings for leasing.

Chair Campbell requested that the business and marketing plan be forwarded to the board for their review prior to the next meeting.

5. Report and possible action regarding integration of the business plan of the Arizona Commerce Authority for aerospace initiatives and Arizona Laboratories for Security and Defense Research

Chair Campbell asked that General Regni and Mr. Peter Sterling brief the board on the integration of the Arizona Commerce Authority's (ACA) Initiative with the AZLabs business plan.

Mr. Sterling stated that on December 15, 2011 the ACA Leader Task Force for the Aerospace and Defense Commission submitted their report which comprised of 3 areas; (1) Communication and Collaboration; (2) Economic Opportunity and (3) Air Space Analysis. The report will be presented to the ACA Board in December. The next steps are to be determined. Initially, the discussion was that it would take another 6 months to a year before this legislation is finalized, but it does not appear to be that far away. Mr. Sterling suggested that there be an urgent response from the City of Mesa to take a leadership position or join other entities to make sure that when the legislation does emerge that we are ready.

Chair Campbell expressed a concern for the lack of leadership and resources for the Unmanned Aerial Vehicle (UAV) program and asked what the next steps should be. Mr. Sterling stated that since the MRA Executive Board reports to the Mayor, it should be communicated to the State level through the Mayor.

General Regni stated that this initiative is very critical as the Department of Defense has already absorbed about \$450B dollars in budget reductions before the Budget Control Act which is another \$500B dollars reduction. One of the few growth industries in the

Department of Defense budget is for the UAV and the intelligence surveillance and reconnaissance assets that they carry. General Regni agreed that we need to convey to the State leadership and the Federal delegations how critical it is to secure a solid foundation of research, academia, industry and a skilled workforce to further this initiative. The agencies in the best position to present this initiative to the State and Federal levels are the Science Foundation of Arizona (SFAZ), the ACA and the Aerospace Defense Commission.

Chair Campbell proposed to the board that he organize the resources that we have by going to the Mayor to brief him first as soon as possible. Then create a call-to-action by asking Mr. Tony Ham of Boeing and his staff to help along with Mr. Virgil Renzulli of ASU to use their resources to press this forward. Another resource that Chair Campbell mentioned is the East Valley Aerospace Academy. Chair Campbell also asked General Regni to help write a script that all the different agencies can use to articulate to the Governor the urgency to move forward as quickly as possible. General Regni said he would ask General Tom Browning to help with the script.

Chair Campbell announced the passage of the Defense Bill last week. The Defense Bill contained in its terms a mandate to create six (6) centers of excellence in the Unmanned Aerial System (UAS) industry. There also has been some interest expressed by the Department of Interior to help the centers of excellence learn how to use UAS in their practice. The centers may be receiving some surplus UAS technology from the military to help oversee federal lands in terms of the United States geological survey, wild fire suppression, wildlife management, etc. The Department of Interior is applying for COLA's in Arizona including one in the Florence area.

General Regni stated that, once the President signs the Defense Bill the FAA has to report back to Congress within 180 days on the progress. There is much to be done to build the case that Arizona should be selected as one or more of the centers of excellence.

General Regni read a proposed vision statement to the board stating that the AZLabs be recognized as a national asset, also as an Arizona regional partner conducting and attracting government industry research, advancing aerospace defense and national security programs. When the board begins to build the mission statements for the vision, strategic and marketing plans the following items need to be included.

- Maintain the suite of laboratories including the SCIF
- Host the government and industry research at the classified and unclassified level
- Integrate the regional aerospace
- Provide the strong domain contribution
- Attract additional research and industry for expanding jobs for Mesa and Arizona

General Regni also stated that we need to include the following partners to help build the marketing plans:

- City of Mesa
- Phoenix-Mesa Gateway Airport
- ASU Polytechnic campus district

- Defense Intelligence Agency who grants licenses and protocol to run the AZLabs at classified levels
- East Valley Partnership
- Arizona Aerospace Defense Commission
- Arizona Science Foundation
- Arizona Commerce Authority
- Security Defense Systems Initiative

General Regni stated that we need to integrate this plan to support each other to reach all the larger goals to help Arizona.

Mr. Renzulli suggested that the board have a work session prior to the January 24, 2012 regular meeting to establish a target audience for the marketing plan, and how the key messages are delivered.

6. Report and possible action regarding creation of long-term strategic plan for Arizona Laboratories of Security and Defense Research

Chair Campbell said that he, Mr. Renzulli and Mr. Mullenix met with Ms. Mitzi Montoya, Dean of ASU Polytechnic, to discuss workforce development.

Mr. Renzulli stated that the Department of Interior is holding a conference here and ASU has agreed to take over the coordination of the event and feels that falls within the marketing effort of the AZLabs. Chair Campbell reiterated that the conference will be sometime in April or May, 2012 which will host approximately 40 of the decision makers in the Department of Interior and will be part of their UAV initiative. ASU has also agreed to donate space adjacent to the AZLabs to help host the event.

Mr. Renzulli commented that ASU Polytechnic actually contracts work with corporations to do research to help resolve technical issues they may have by engaging a student team led by a faculty member.

General Regni feels that we need to utilize the assets of the State to build a strategic plan and market the plan in Washington.

7. Report and possible action regarding marketing Arizona Laboratories for Security and Defense Research (including recommendation of strategic out-of-state partners)

Chair Campbell asked that Mr. Bill Jabjiniak talk about some of the facility issues and future development at the AZLabs.

Mr. Jabjiniak stated that Mr. Renzulli, Mr. Ham and he have not met in the last 30 days to discuss the facility issues.

Mr. Jabjiniak presented a site plan that was prepared by Deutsch Architecture Group that shows a building of about 37,000 square foot with 12, 500 square foot floor plate and three (3) stories high. This is located in the south west corner where the temporary

trailers are located. Initially, the site plan was focused on the business accelerator, but we have moved away from that discussion due to the security clearance. We are thinking of removing the trailers and putting a permanent structure in its place. The challenge is that with the building there will not be enough parking on site.

There are two (2) options to either take the parking off site or build parking underneath the structure. There is a need for an additional 120 parking spaces above what we have now. The total building costs without tenant improvements is approximately \$4M dollars. Another challenge is that we do not own the trailers. The Air Force owns the trailers with the ability to sign-off on the disposal of them.

Ms. Allen stated that the AZLabs is looking into a way to have the trailers removed at no cost. At least one of the buildings needs major repairs to the roof. Maintenance is needed on several of the buildings and bids are forthcoming.

Chair Campbell announced that the AZLabs site has been selected as the location for the training program of Federal Inspectors who inspect and certify SCIF facilities. The inspectors will learn best practices and techniques to certify SCIF facilities during demolition and construction.

Chair Campbell also expressed concern about the revenue issue at the AZLabs and stated that if we fail to plan for the future, the AZLabs will not succeed. Chair Campbell did comment that at a minimum there is a need to start solving the problems associated with expansion in particular some of the parking issues.

Mr. Jabjiniak asked Mr. Ham to speak about Boeing's airspace issue. Boeing is working with the National Guard for a day-use-area in Florence, AZ. They have received authorization to setup a temporary hangar on the day-use-area and now asking for a trailer to be placed next to the hangar. The timeline to be in place is for the second quarter of 2012. Mr. Ham stated that airspace can be an issue since day-use is on a schedule which is only 5 days out and have other companies wanting to use the same airspace. If Boeing does get a structure at the day-use-area, they certainly would like to fly more than a couple times a month. The funding for the temporary hangar at the day-use-area is \$300,000 to \$400,000 dollars versus \$3M to \$4M dollars for a permanent hangar on a permanent 5 acres site.

Chair Campbell stated again that this is a great illustration of why we need the Federal presence, that the lack of leadership is hurting us directly in this effort and why we need them to immediately help not only to attract new jobs, but also to keep one of our great corporate partners in the region and help us keep this center of excellence.

8. Other business

Mr. Jabjiniak asked staff present to give a status report on the Economic Development Conveyance (EDC) application.

Ms. Allen stated that staff had a meeting to review the City's comments before sending them back to RKG Associates, Inc. The goal is to have the draft application returned to

the City with the requested changes within the next couple of weeks. The application is still on the planned timeline.

Mr. Jabjiniak stated that the draft application should be back to the City after the holidays so the board can view it and make any comments they deem necessary.

Ms. Allen said that Mr. Craig Seymour of RKG Associates, Inc. has offered to come and make a presentation at the January 24, 2012 meeting and have the MRA Executive Board take action on it.

Chair Campbell asked that the application be on the January agenda and that it be reviewed by the members prior to the meeting and any comments corrected so it can be recommended to City Council.

- Next Meeting: Tuesday, January 24, 2012, 2:00 P.M. at 57 E. 1st Street, Lower Level Council Chamber, Mesa, AZ 85201

9. Adjournment

Chair Campbell adjourned the meeting at 2:55 P.M.

Submitted By:

William J. Jabjiniak
Economic Development Department Director
(Prepared by Sue Cason)